

## Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 NEA-10 ISO-00 HA-05 CIAE-00 DODE-00  
PM-05 H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01  
SP-02 SS-15 ICA-11 EB-08 DOE-15 SOE-02 TRSE-00  
AID-05 /121 W

-----015196 231201Z /14

R 220634Z APR 78  
FM AMEMBASSY LAGOS  
TO SECSTATE WASHDC 8061  
INFO AMEMBASSY TEHRAN  
AMEMBASSY MOSCOW  
AMEMBASSY PRETORIA  
AMCONSUL CAPETOWN

C O N F I D E N T I A L LAGOS 5071

CAPETOWN FOR EMBASSY

E.O. 11652: XGDS-1  
TAGS: OVIP, ENRG, EAGR, NI, UR, IR, SF  
SUBJECT: IRANIAN AMBASSADOR COMMENTS ON POSSIBLE OBASANJO VISIT  
TO MOSCOW, NIGERIAN ATTITUDE TO IRANIAN-SOUTH AFRICA OIL TRADE,  
AND LAND DECREE

REF: (A) LAGOS 4318, (B) LAGOS 4880

1. IN CONVERSATION WITH EMBASSY PETROLOFF, IRANIAN AMBASSADOR  
FIROUZ SAID HE HAD HEARD THAT NIGERIAN HEAD OF STATE OBASANJO  
HAS RECEIVED DEFINITE INVITATION TO VISIT MOSCOW. FIROUZ SAID  
HIS SOUNDINGS IN LAGOS HAD GIVEN HIM DISTINCT IMPRESSION THAT  
WARMTH WITH WHICH OBASANJO AND COMMISSIONER OF EXTERNAL AFFAIRS  
GARBA HAD RECEIVED PRESIDENT CARTER HAD LEFT THEIR FLANK EXPOSED  
TO CRITICISM FROM DOMESTIC LEFTIST AND NORTHERN SOURCES. VISIT  
TO MOSCOW MIGHT THUS BECOME NECESSARY TO REDRESS BALANCE. THIS  
SUPPORTS OBSERVATIONS MADE REFTEL A.

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2. TURNING TO SUBJECT OF RECENT VISIT TO IRAN BY CHIEF OF STAFF  
YAR ADUA, FIROUZ SAID THAT YAR ADUA LEARNED A LOT IN TEHRAN. IN  
THEIR PRIVATE TALKS SINCE YAR ADUA'S RETURN THE LATTER WAS  
NO LONGER OUTSPOKENLY CRITICAL OF IRAN'S CRUDE OIL TRADE WITH  
SOUTH AFRICA. (PRESUMABLY SHAH CONVINCED YAR ADUA THAT IRAN  
DOES NOT EXERCISE DEGREE OF CONTROL OVER INTERNATIONAL MOVE-  
MENT OF ITS OIL WHICH FMG HAS HERETOFORE ASSUMED AND CANNOT TURN

OFF THE TAPS TO SOUTH AFRICA AT WILL).

3. FIROUZ SAID HE ALSO DISCUSSED NEW NIGERIAN LAND EDICT WITH YAR ADUA IN LIGHT OF IRAN'S EXPERIENCE WITH REDISTRIBUTION OF LAND. HE FOUND IT DIFFICULT TO UNDERSTAND HOW FMG COULD TAKE LAND WITHOUT COMPENSATION. IRANIAN GOVERNMENT HAD NOT NATIONALIZED LAND, BUT HAD COMPENSATED FORMER OWNERS ON BASIS OF TEN TIMES THE ANNUAL TAX PAID ON LAND. TWENTY-FIVE PERCENT OF COMPENSATION HAD BEEN PAID IN CASH UPON ACQUISITION, WITH BALANCE IN FORM OF GOVERNMENT INTEREST-BEARING PROMISSORY NOTES. THESE COULD BE CASHED IN AT ANY IRANIAN BANK AT DISCOUNT EQUIVALENT TO INTEREST RATE. YAR ADUA APPARENTLY LISTENED BUT SAID LITTLE.

4. ON SUBJECT OF OIL, FIROUZ SAID THAT, AS SHAH HAD INDICATED, IRAN WOULD CONTINUE USING DOLLAR AS UNIT OF ACCOUNT FOR OIL PRICES. WITH MOST OF ITS IMPORTS COMING FROM THE U.S., IRAN HAD BEEN LITTLE AFFECTED BY THE SHIFT IN FOREIGN EXCHANGE RATES. HOWEVER, FIROUZ POINTED OUT, THE SHAH HAD ALSO WARNED THAT IRAN COULD TAKE THIS POSITION ONLY IF THE DOLLAR DID NOT CONTINUE TO SLIDE. AT SOME POINT, IRAN WOULD BE FORCED TO HEED THE DIFFICULTIES BEING FACED BY OTHER OPEC MEMBERS. PETROLOFF OBSERVED THAT RECENT STUDIES OF THIS PROBLEM DONE IN WASHINGTON HAD SHOWN THAT OIL PRODUCING COUNTRIES WOULD HAVE BEEN SLIGHTLY WORSE OFF IN TERMS OF PURCHASING POWER THAN THEY ARE NOW IF THEY HAD ADOPTED THE BASKET OF CURRENCIES UNIT OF ACCOUNT FIVE YEARS AGO. MOREOVER, WHILE U.S. EXPERTS DID NOT DENY THAT CONFIDENTIAL

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THE PURCHASING POWER OF OIL PRODUCING COUNTRIES HAD BEEN ERODED IN THE PAST FEW MONTHS BY THE DOLLAR'S SLIDE, NOW WOULD BE A BAD TIME TO ABANDON THE DOLLAR FOR AN ALTERNATIVE UNIT OF ACCOUNT. ALTHOUGH THE DOLLAR MIGHT FALL A BIT MORE, THE WORST OF THE DECLINE HAD ALREADY TAKEN PLACE AND THE ODDS WERE INCREASING THAT THE DOLLAR WOULD RECOVER. THOSE WHO SHIFTED NOW WOULD RISK LOSING OUT A SECOND TIME FOLLOWING ANY APPRECIATION OF THE DOLLAR AGAINST OTHER CURRENCIES IN THE BASKET. FIROUZ AGREED AND SAID THIS REINFORCED HIS OPINION THAT IRAN SHOULD STAY WITH THE DOLLAR.  
WYMAN

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Decaption Date:** 01 jan 1960  
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